



TNRCC REGULATORY GUIDANCE

Water Utilities Division, Utility Rates & Services Section

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RG-199

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SUBJECT: Regulatory Assessments Collected by Retail Public Utilities: Frequently Asked Questions

1. What is the Regulatory Assessment?

The regulatory assessment is a fee passed on to customers of water and wastewater utilities regulated by the Texas Natural Resource Conservation Commission (TNRCC). It was first authorized in 1993 as a result of the State Comptroller's report which recommended that a higher level of user charges be used to finance state programs.

Investor-owned utilities, (also known as public utilities) water supply corporations and water districts are required to collect the assessment from their retail customers and remit those monies to the TNRCC. The amount collected from customers depends on the type of utility, as follows:

Investor-owned Utility	1%	(.01) X RECEIPTS
Water District	1/2%	(.005) X RECEIPTS
Water Supply Corporation	1/2%	(.005) X RECEIPTS

2. What is the Regulatory Assessment Used For?

The law requires that the regulatory assessments be used solely to pay the costs and expenses incurred by the TNRCC in the regulation of districts, water supply corporations and investor-owned utilities.

The law also requires that a portion of the regulatory assessment be used to provide on-site technical assistance and education to public utilities, water supply corporations and districts, and that the TNRCC contract with others to provide that service. In the previous fiscal year, over 400 utilities and communities were visited by technical assistance contractors of the TNRCC.

3. What are the Options for Collecting the Regulatory Assessment from Customers?

The assessment should be applied to all charges included in the monthly bill for water and sewer service, but not to penalty and interest charges, tap fees, impact fees or other fees included on the bill.

All utilities subject to the regulatory assessment may include the assessment on the retail customer's bill as a separate line item. It is not considered to be a rate increase that would require TNRCC approval.

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or be subject to a rate appeal. Some districts and water supply corporations may leave the customer bill unaffected, and remit the amount due as if it were collected from retail customers. This practice is not recommended if the utility has wholesale customers who would not normally be subject to the assessment.

4. Who is exempt from the Regulatory Assessment?

The regulatory assessment should not be collected from wholesale customers or buyers of non-potable water. State agencies should not be assessed. School districts and similar institutions are not considered to be state agencies and so are subject to the regulatory assessment. Since this is not a tax, many institutions that are exempt from taxation are not exempt from the regulatory assessment.

5. What are the Utility's Options for Remitting the Regulatory Assessment?

The utility may submit the regulatory assessment on a quarterly basis or on an annual basis. **Only those utilities that submit timely quarterly payments may deduct 10% of the amount due as an administrative fee.**

Those utilities that have made an election to file quarterly will receive reports with preprinted account numbers about one month before each quarterly payment is due (see below for payment schedule). Utilities electing to file annually will receive a preprinted report around the end of December.

PAYMENT SCHEDULE:

<u>Period</u>	<u>Applied to Receipts for</u>	<u>Payment Terms</u>
1st Quarter	Jan, Feb, Mar	10% Discount if paid by April 30
2nd Quarter	Apr, May, Jun	10% Discount if paid by July 30
3rd Quarter	Jul, Aug, Sep	10% Discount if paid by October 30
4th Quarter	Oct, Nov, Dec	10% Discount if paid by January 30
OR		
Annual Payment	Entire Year	Full Amount Due by January 30
		Penalties applied after January 30
		Interest applied after March 30

If you have questions regarding the regulatory assessment, please contact the Utility Assistance & Certification Team, Water Utilities Division, MC153 at the phone number or address shown on the front of this Guide.